

House File 2696 - Introduced

HOUSE FILE _____
BY COMMITTEE ON WAYS AND MEANS
(SUCCESSOR TO HF 2444)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to economic development by expanding the scope of
2 enterprise zones and targeted jobs withholding credit
3 agreements in certain pilot project cities located in border
4 counties, and providing an effective date.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 5877HV 82
7 tw/sc/14

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1 1 Section 1. Section 15E.194, subsection 3, unnumbered
1 2 paragraph 1, Code Supplement 2007, is amended to read as
1 3 follows:
1 4 3. A city may designate an area of up to four square miles
1 5 to be an enterprise zone if the area ~~is either meets the~~
1 6 ~~definition of an economic development area pursuant to section~~
1 7 ~~403.17 and qualifies as a targeted jobs withholding city~~
1 8 ~~pursuant to section 403.19A with a commercial service airport~~
1 9 ~~or if the area meets the definition of a blighted area as~~
1 10 ~~defined in pursuant to section 403.17 and the area includes or~~
1 11 is located within four miles of at least three of the
1 12 following:
1 13 Sec. 2. Section 403.19A, subsection 1, unnumbered
1 14 paragraph 1, Code Supplement 2007, is amended to read as
1 15 follows:
1 16 For purposes of this ~~section subchapter~~, unless the context
1 17 otherwise requires:
1 18 Sec. 3. Section 403.19A, subsection 1, paragraphs c and f,
1 19 Code Supplement 2007, are amended to read as follows:
1 20 c. "Employer" means a business creating targeted jobs in
1 21 ~~an urban renewal area of~~ a pilot project city pursuant to a
1 22 withholding agreement.
1 23 f. "Targeted job" means a job in a business which is or
1 24 will be located in ~~an urban renewal area of~~ a pilot project
1 25 city that pays a wage at least equal to the countywide average
1 26 wage. "Targeted job" includes new jobs from Iowa business
1 27 expansions or retentions within the city limits of the pilot
1 28 project city and those jobs resulting from established
1 29 out-of-state businesses, as defined by the department of
1 30 economic development, moving to or expanding in Iowa.
1 31 Sec. 4. Section 403.19A, subsection 3, paragraphs a and b,
1 32 Code Supplement 2007, are amended to read as follows:
1 33 a. A pilot project city may provide by ordinance for the
1 34 deposit ~~into a designated account in the special fund~~
1 35 ~~described in section 403.19, subsection 2, of the targeted~~
2 1 jobs withholding credit described in this ~~section subchapter~~
2 2 ~~into a fund established for that purpose.~~ The targeted jobs
2 3 withholding credit shall be based upon the wages paid to
2 4 employees pursuant to a withholding agreement.
2 5 b. An amount equal to three percent of the gross wages
2 6 paid by an employer to each employee under a withholding
2 7 agreement shall be credited from the payment made by the
2 8 employer pursuant to section 422.16. If the amount of the
2 9 withholding by the employer is less than three percent of the
2 10 gross wages paid to the employees covered by the withholding
2 11 agreement, the employer shall receive a credit against other
2 12 withholding taxes due by the employer or may carry the credit
2 13 forward for up to ten years or until depleted, whichever is
2 14 the earlier. The employer shall remit the amount of the
2 15 credit quarterly, in the same manner as withholding payments
2 16 are reported to the department of revenue, to the pilot

2 17 project city to be allocated to and when collected paid into a
2 18 ~~designated account in the special fund for the urban renewal~~
2 19 ~~area in which the targeted jobs are located established in~~
2 20 ~~paragraph "a". All amounts so deposited shall be used or~~
2 21 ~~pledged by the pilot project city for an urban renewal a~~
2 22 ~~project related to the employer pursuant to the withholding~~
2 23 ~~agreement.~~
2 24 Sec. 5. Section 403.19A, subsection 3, paragraph c,
2 25 subparagraph (1), Code Supplement 2007, is amended to read as
2 26 follows:
2 27 (1) The pilot project city shall enter into a withholding
2 28 agreement with each employer concerning the targeted jobs
2 29 withholding credit. However, an agreement shall not be
2 30 entered into by a pilot project city with a business currently
2 31 located in this state unless the business either creates ten
2 32 new jobs or makes a qualifying investment of at least five
2 33 hundred thousand dollars ~~within the urban renewal area in the~~
2 34 ~~pilot project city.~~ The withholding agreement may have a term
2 35 of up to ten years. An employer shall not be obligated to
3 1 enter into a withholding agreement.
3 2 Sec. 6. Section 403.19A, subsection 3, paragraph j, Code
3 3 Supplement 2007, is amended to read as follows:
3 4 j. A pilot project city that enters into a withholding
3 5 agreement shall arrange for a match of at least one dollar for
3 6 each withholding credit dollar received by the city. The
3 7 local match may come from the pilot project city, a private
3 8 donor, or the business, or a combination of all three. The
3 9 local match may be in cash or in kind to be used for the
3 10 business project. If the business is located in an urban
3 11 renewal area, the pilot project city may use revenues from the
3 12 special fund created in section 403.19, subsection 2, if the
3 13 project related to the employer meets the definition of urban
3 14 renewal project in section 403.17, subsection 25.
3 15 Sec. 7. CODE EDITOR DIRECTIVE. The Code editor is
3 16 directed to transfer section 403.19A, as amended in this Act,
3 17 to become new section 403.25 and to correct any internal
3 18 references as necessary.
3 19 Sec. 8. EFFECTIVE DATE. The section of this Act amending
3 20 section 15E.194, being deemed of immediate importance, takes
3 21 effect upon enactment.
3 22 EXPLANATION
3 23 This bill relates to the designation of enterprise zones
3 24 located near modes of transportation and to withholding
3 25 agreement tax credits.
3 26 The bill provides that a city may designate an area as a
3 27 transportation enterprise zone if the area is either an
3 28 economic development area and a targeted jobs withholding city
3 29 that has a commercial service airport or if the area is a
3 30 blighted area. This section of the bill takes effect upon
3 31 enactment.
3 32 The bill provides that employers who have entered into a
3 33 withholding agreement no longer have to be located in an urban
3 34 renewal area. Instead they are only required to be in a pilot
3 35 project city.
4 1 The bill also provides that the amount of the withholding
4 2 credits is to be deposited in a fund of the city established
4 3 for that purpose rather than into the special fund created for
4 4 urban renewal purposes.
4 5 The bill provides that a pilot project city may use tax
4 6 increment financing funds from the special fund created in
4 7 Code section 403.19 as matching funds, provided the project
4 8 meets the definition of an urban renewal project.
4 9 The bill directs the Code editor to transfer Code section
4 10 403.19A, as amended in the bill, to new Code section 403.25.
4 11 LSB 5877HV 82
4 12 tw/sc/14